

CITY OF LOS ANGELES

CALIFORNIA



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**LOS ANGELES
DEPARTMENT OF
CONVENTION AND
TOURISM DEVELOPMENT**

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April 20, 2017

Budget and Finance Committee
c/o Erika Pulst
Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

**SUBJECT: DEPARTMENT CORRESPONDENCE ON MAYOR'S PROPOSED
BUDGET FOR FISCAL YEAR 2017-18**

Honorable Councilmembers:

The Los Angeles Department of Convention and Tourism Development (CTD) supports the Mayor's Proposed 2017-18 Budget, as presented. The Mayor's Proposed Budget provides for the resources necessary for fulfilling our responsibilities to overseeing our contractors, including AEG Management LACC, LLC (AEG), who operates the Los Angeles Convention Center (LACC), and the Los Angeles Tourism and Convention Bureau (LATCB), who books citywide events and markets the City of Los Angeles (City) as a convention and tourist destination.

The Proposed Budget for the CTD Department is a zero sum budget and does not include additional positions or additional funding for operating expenses. It includes a total of \$2.9 million in funds for capital improvements, including \$1.6 million in funding issued through the Municipal Improvement Corporation of Los Angeles (MICLA), and \$1.3 million in Convention Center special funds. As the LACC's aging infrastructure continues to compete for business with cities such as Anaheim, San Diego and San Francisco, the additional funds for capital improvements to the facility are critical to ensuring that LACC remains competitive. However, this has

become more and more challenging as these same facilities are either in the process of undergoing an expansion/modernization or have just completed doing so. The CTD is optimistic and is committed to working with its partners in the Offices of the Chief Legislative Analyst, the City Administrative Officer, and the City Attorney in identifying a pathway for expansion and modernization in the near future. Meanwhile, the CTD will continue to administer smaller scale capital improvement projects through the annual budget. The projects identified for funding will be planned and executed so as to minimize potential impacts should the City finalize a pathway for a future expansion/modernization project for the LACC.

The CTD, along with LATCB and AEG, continues to make great progress in advancing the convention and tourism industry in the City. This has resulted in improved booking and scheduling at the LACC, and overall better utilization of the facility. Further, the CTD will be working closely with the City Council and the Mayor's Office in developing a long term strategic tourism plan for the City. As the City gets closer to achieving its goal of 50 million visitors by 2020, the City benefits from higher than budgeted Transient Occupancy Taxes and continued growth in economic impact. However, the City requires a plan to support and sustain this growth, and to also ensure that all neighborhoods, citywide, benefit from it. The CTD is responsible for strategic planning for tourism and intends to utilize the 2017-18 Fiscal Year to research and to create a working plan for the City.

The CTD looks forward to discussing the budget and related matters with the Committee. We appreciate the support and are happy to meet with staff and Committee members to address any questions.

Respectfully submitted,



Doane Liu
Executive Director

DL:DM
Exec Ref: 17-031

cc: Matthew Szabo, Deputy Chief of Staff
John Chavez, Office of the Mayor
Raymond Chan, Deputy Mayor – Economic Development
William Chun, Office of the Mayor
Rich Llewelyn, City Administrative Officer
Sharon Tso, Chief Legislative Analyst